

AR60

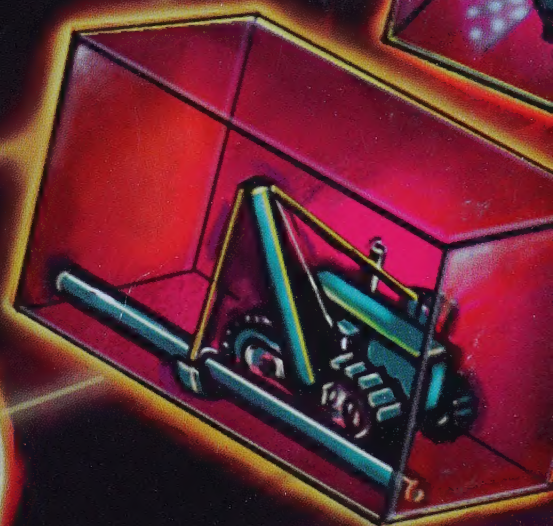
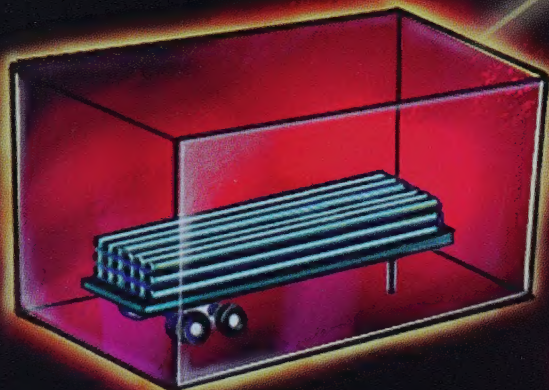
Year Ended April 30 1998

1998

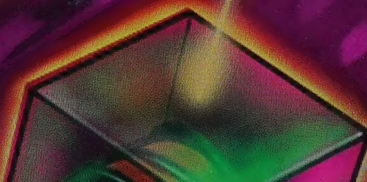
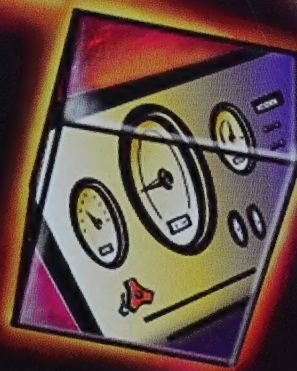
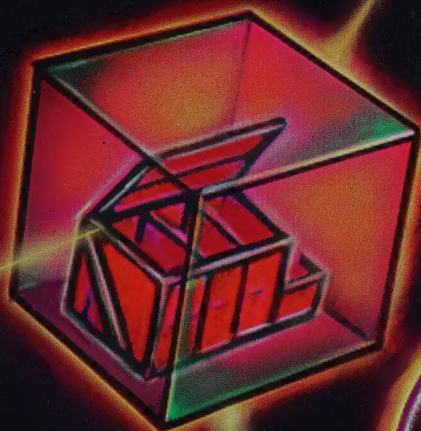
Part 2

SERVAL

ANNUAL
REPORT
1998



INTEGRATED
ENERGY
SERVICES



Serval is a growth-oriented,
Canadian integrated energy services
entity supplying technologically innovative
combinations of cost-effective, environmentally
sound products and services to the oil and gas industry
in Canada and internationally. Serval is headquartered
in Calgary, Alberta, has manufacturing operations in
Calgary and Edmonton and operates regional service
centres across Western Canada. Internationally,
Serval operates from bases in Argentina
and the United Arab Emirates.



	1	Highlights
President's Message	 3	
	4	Integrated Energy Services
Operations	 6	
	11	Management's Discussion & Analysis
Management's Report	 18	
	19	Auditors' Report
Financials	 20	

Annual Meeting

The Annual General Meeting of Serval unitholders will be held in the Bonavista Room of the Westin Hotel, Calgary, Alberta at 9:00 a.m. MDT, Monday, September 28, 1998.

OPERATING HIGHLIGHTS

Revenue	\$ 156.7 million
Net earnings	\$ 2.8 million
Net earnings per unit - fully diluted	\$ 0.61
Cash flow from operations	\$ 9.5 million
Cash flow per unit - fully diluted	\$ 1.97
EBITDA	\$ 10.5 million

1998 GROWTH IN OPERATIONS

- Made six acquisitions totalling \$50.6 million.
- Acquired Serval Corporation from Lynx Energy Services Corp.
- Expanded tubular product sales through the acquisition of Taylor Tubulars Ltd. and FPS Fiberglass Pipe and Supply Inc.
- Entered the oil and gas processing manufacturing sector with the acquisition of Wells-Hall Fabrication and Construction Ltd.
- Committed to enter the coiled tubing drilling services market in 1998-99 with an order to construct three innovative coiled tubing drilling machines.
- Made net capital investments of \$24.5 million to expand existing construction, fluid waste management services, production services and solid waste management infrastructure.





Serval has one primary business purpose – the supply of integrated energy services.

Serval's first year as a public entity has been marked by substantial growth and solid financial performance. By the end of April 1998, Serval had posted total revenue of \$156.7 million with cash flow from operations of \$9.5 million (\$1.97 per unit).

Over the past year, Serval made six acquisitions in addition to expanding existing services. In the process, we extended our ability to deliver a wide range of integrated services that include well services, environmental services, construction services and production services.

Serval has one primary business purpose – the supply of integrated energy services. We have established a strong market position for Serval as a leading supplier of integrated energy services in Canada and are working to build the international side of our business.

To consolidate this emphasis, Serval reorganized in the fourth fiscal quarter to give greater emphasis to the delivery of integrated energy services. Brand names used earlier to promote individual products and services were replaced by the Serval name alone to emphasize Serval's commitment to deliver integrated services that can help oil and gas producers to drive down costs.

Consistent with that commitment, Serval contracted in early 1998 for the design and construction of three innovative coiled tubing drilling machines. These new drilling machines provide a powerful demonstration of Serval's ability to integrate services by providing turnkey drilling services, field tie-in of production, fabrication and/or installation of oil separators and gas compressors and construction of pipelines to transport the producer's product.

Truly one-stop shopping – with all of the inherent efficiencies and potential cost savings.

Serval's future, even in this time of uncertain oil prices, is very promising. We are fortunate that our services are easily applied to natural gas development projects – particularly shallow gas developments.

Serval's first year as a public entity has included periods of rapid growth, integration of new assets and some restructuring. I want to express my appreciation to all Serval employees for their willingness to work through these changes and for their commitment to maintain high levels of customer service. I am also deeply appreciative of the wise counsel and dedication of our directors and trustees and I particularly want to express my appreciation to our investors for their confidence and ongoing support.

Together, we have a bright future and are well on our way to creating an excellent oil and gas services enterprise.

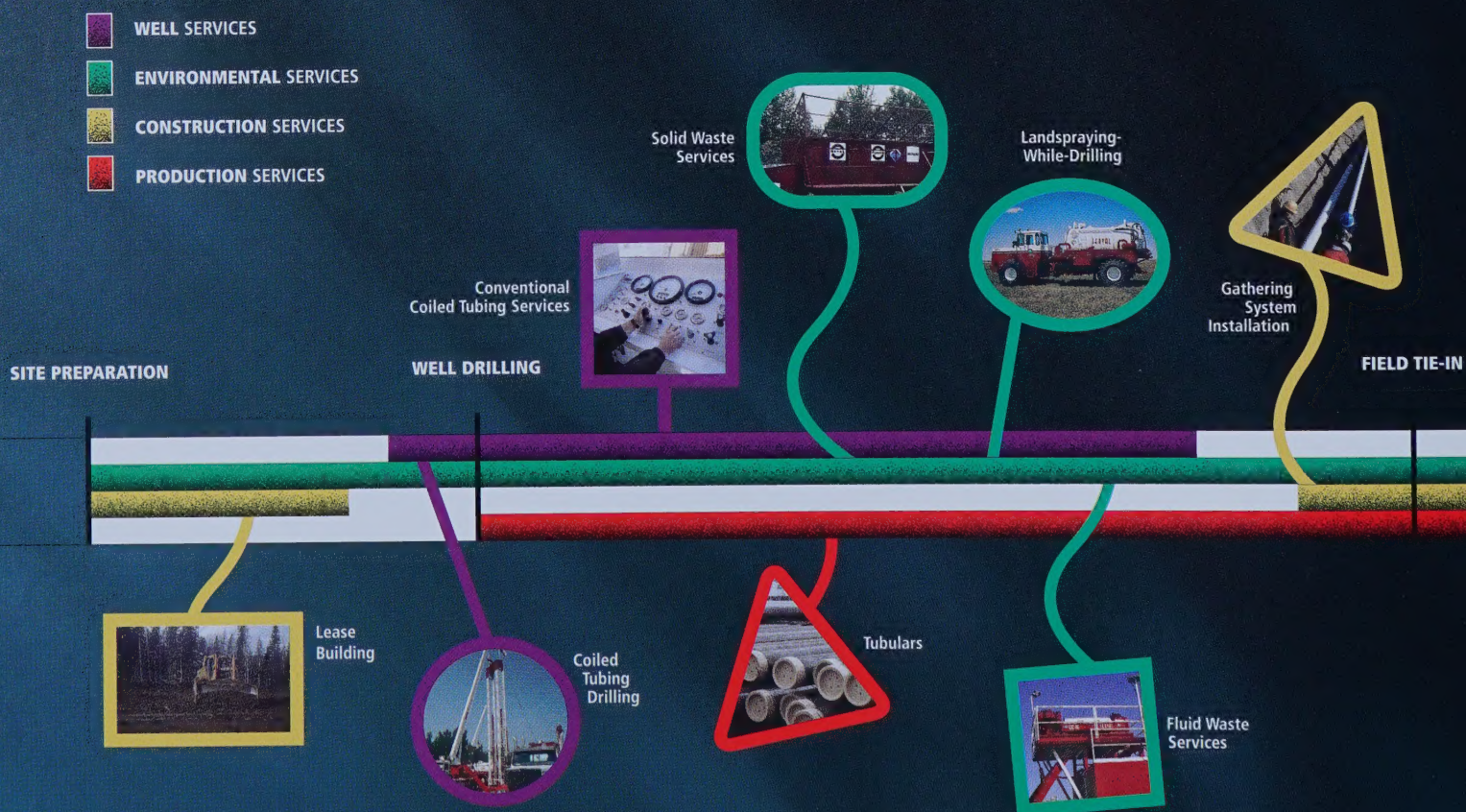


A stylized, handwritten signature in black ink, consisting of several sharp, sweeping strokes.

Jay C. Lyons
President & Chief Executive Officer

Calgary, Alberta
July 28, 1998

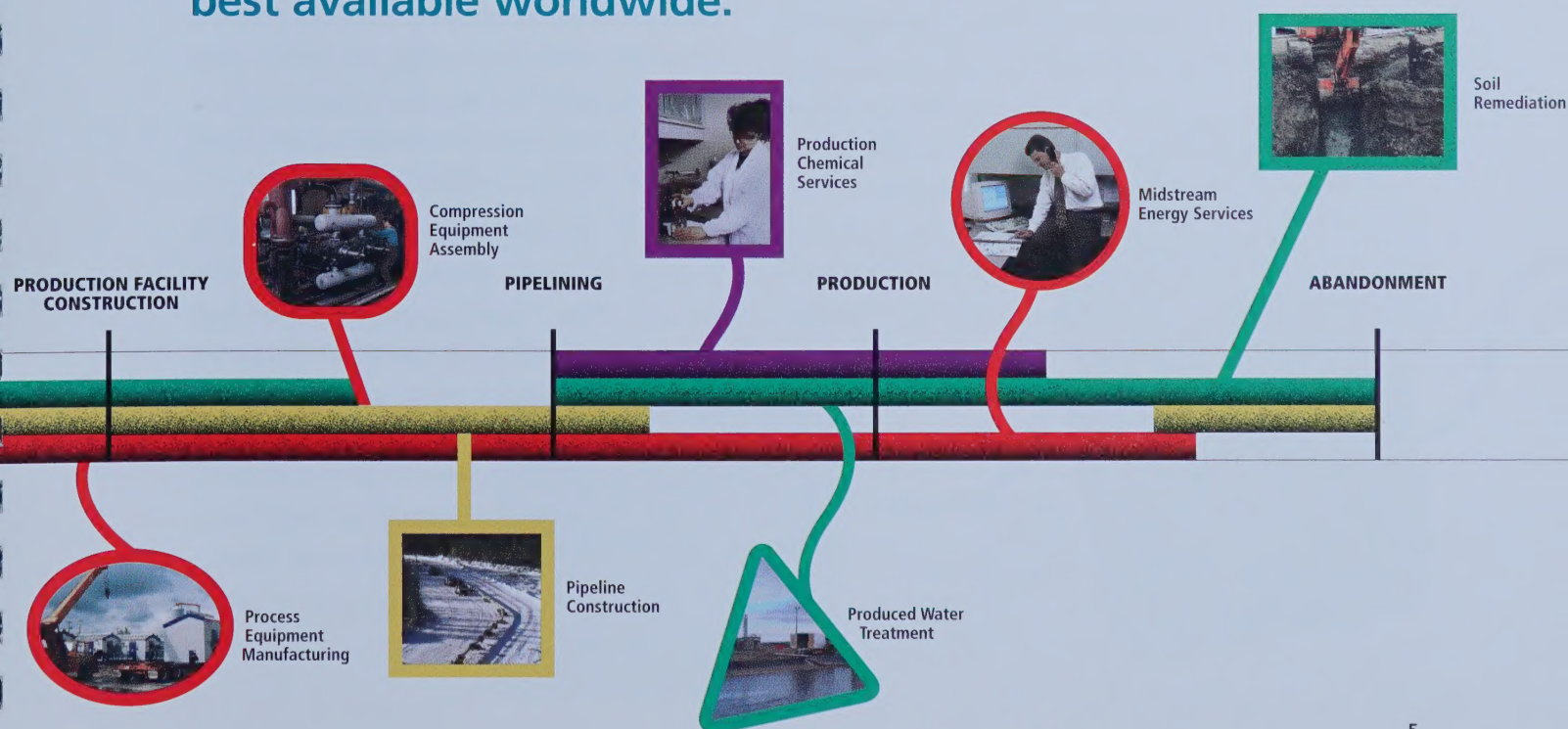
Serval is more than just a
wide range of technologies.
It has the resources to deliver
fully integrated services
to the energy industry.



Serval provides Canadian and international oil and gas producers with **integrated energy services** that are cost-effective, field-proven and environmentally sound. We combine technologies and products in innovative **new ways that create better solutions** and help customers reduce costs.

Serval's teams of experienced professionals offer integrated service packages and/or individual services through four operating groups – Well Services, Environmental Services, Construction Services and Production Services. Serval's service packages are **determined by the needs of clients** – not by our organizational structure. In some cases, Serval customers select only one specific service. In other cases, clients request a bundle of services designed to meet their needs and reduce costs.

To meet our customers' needs for technically sound and cost-effective services, Serval has built **one of the largest and most experienced** oil and gas service organizations in Western Canada. Serval's people, technology, equipment, products and service are among the **best available worldwide.**



WELL SERVICES

Serval's Well Services Group supplies coiled tubing drilling, conventional coiled tubing services, as well as cementing services, drilling fluids and production chemicals.

On March 25, 1998, Serval announced its intention to enter the coiled tubing drilling market beginning in August 1998 with the first of three next generation coiled tubing drilling machines. Serval has committed \$18 million to \$24 million to serve the coiled tubing drilling market over the next one to two years.

The Serval coiled tubing drilling machines can drill to a vertical depth of 1,200 metres. These machines are capable of running surface and production casing. In addition to handling the circulation of drilling fluids, the pump system used by Serval in the drilling of wells will also be used to cement casing.

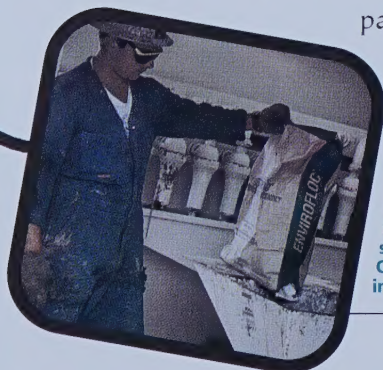
These compact, highly mobile, high-penetration-rate Serval coiled tubing drilling machines are designed to drill wells in 18 hours or less and are expected to reduce producer costs by approximately 20 per cent when compared with conventional drilling technology.

Serval is designing and constructing a new generation of coiled tubing drilling machines.



The Well Services Group also supplies drilling fluid services and sells related chemicals for the drilling of oil and natural gas wells. In addition, Serval supplies a wide range of chemicals to the oil and gas industry, including production chemicals, drilling products, stimulation chemicals and completion fluids.

The Well Services Group offers exceptional potential to deliver integrated energy services that can help producers to drive down their costs. Serval offers customers an integrated bundle of services that includes drilling services, fluid and solid waste management programs, casing, cementing, produced water treatment, gathering system installation, pipelining, compression and production facility construction.



Serval supplies drilling fluid services in Canada and internationally.



Serval's fluid waste management services integrate effectively with conventional or coiled tubing drilling operations.

ENVIRONMENTAL SERVICES

Serval's Environmental Services Group provides solid and fluid waste management services to the oil and gas sector and environmental technologies for general industrial application.

Serval's waste management services include fluid management and solids control at drill sites and waste collection, management, transport, recycling and disposal from drilling leases and oilfield facilities. Serval's environmental technologies include the design, manufacture, service and/or operation of water treatment and purification systems and other environmental technologies.

During fiscal 1998, Serval reinvested in the expansion of the company's fluid management and solids control equipment capabilities. An additional expansion occurred within Serval's waste management, collection, sorting and transfer systems and within Serval's water treatment equipment manufacturing operations. Serval also acquired a company specializing in the sale of environmental products and technologies to engineering companies.

Serval increased its market share in the solid and fluid waste management sectors during fiscal 1998. Utilization of these services was maintained at high levels over the first nine months of the fiscal year. However, demand for services was weaker in the fourth quarter as

a result of the seasonal downturn in oilfield activity due to road bans during spring breakup. This was aggravated by reduced oilfield activity related to low world oil prices.

Demand for environmental technologies supplied by Serval increased in fiscal 1998 due to the overall strength in Alberta's economy. In addition, a high utilization level of rental equipment by the oil and gas industry has encouraged Serval to expand its capabilities in the rental of water processing equipment. A major produced water pilot project was undertaken during the year and a full scale operational system is being considered.

Serval's Environmental Services Group has strong synergies with other groups that are part of Serval Integrated Energy Services. Fluid management, solids control and waste management services are frequently provided in combination with drilling muds and production chemicals offered through Serval's Well Services Group. Starting in August 1998, this entire package of services will be offered as part of Serval's coiled tubing drilling and conventional coiled tubing capabilities.

Serval's waste management systems allow for sorting and recycling of oilfield wastes.



Serval supplies water treatment systems and other environmental technologies.

Serval constructs oilfield facilities across Western Canada.



CONSTRUCTION SERVICES

Serval's Construction Services Group provides small diameter (2" to 12") pipeline construction, site assessment, oilfield facilities construction, drilling lease construction, site remediation and facility decommissioning services across Western Canada.

During fiscal 1998, Serval expanded its construction services capabilities by purchasing additional heavy equipment, including new dozers, track hoes and trucks. Serval's construction equipment is operated within a construction equipment pool that can be combined in a variety of configurations to meet the needs of different types of projects.

During the year, approximately 1,000 kilometers of pipeline were constructed by Serval - primarily in northern areas of Alberta.

The largest pipeline project was the installation of approximately 400 kilometers of pipeline for three clients in the Wabasca area.



Serval constructs pipelines up to 12 inches in diameter.



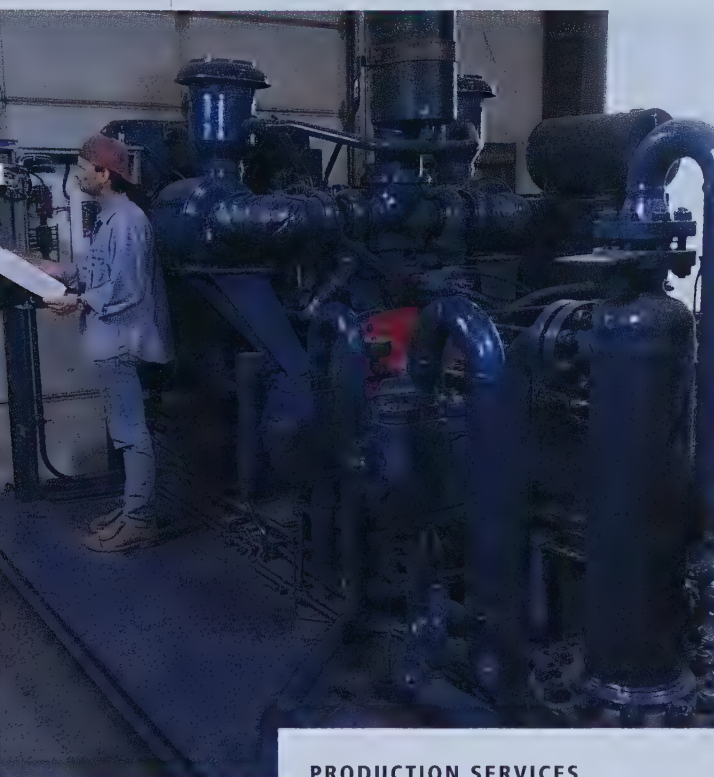
Serval handles site reclamation, remediation and decommissioning projects.

Demand for facilities construction services grew rapidly over the year. Several major facilities projects were completed including a heavy oil battery in the Cold Lake area and a battery and steamflood expansion project in the Fort McMurray area.

Serval's construction personnel also supervised the building of the new Serval Regional Service Centre in Grande Prairie, Alberta. The \$1.3 million centre includes offices and an 8,000 square foot shop on a 10-acre site.

Serval's construction services group works closely with other Serval operations groups to maximize potential customer benefits from Serval's integrated service contracts. Benefits are currently being achieved from combinations of services involving the supply of construction services with tubulars, oilfield processing equipment and/or compression equipment available through Serval's Production Services Group.

Serval assembles modular compression equipment units for gas processors.



PRODUCTION SERVICES

The Serval Production Services Group supplies steel tubulars and fiberglass pipe, manufactures oilfield process equipment, packages gas compression equipment, provides oilfield equipment rentals and supplies midstream services to oil and gas producers.

During fiscal 1998 the production services group expanded rapidly through a number of strategic acquisitions and through the internal creation of new business units to take advantage of opportunities for growth. Acquisitions provided for entry into the process equipment manufacturing field, expansion of the range of tubular sales and entry into the fiberglass pipe marketplace. Internally created

Serval manufactures modular oilfield processing equipment.



businesses allowed Serval to expand into third party custom processing of production and to enter the oilfield rentals business.

Serval's manufacturing capabilities were expanded by 15,000 square feet. This increased Serval's heavy pressure vessel welding area by 20 per cent and created a new shop area dedicated to the fabrication of structural units.

Serval's manufacturing capabilities were further increased with the acquisition of compression equipment assembly capabilities in May 1998.

Services provided by Serval's Production Services Group integrate exceptionally well with those provided by Construction Services, allowing Serval to combine packages that offer steel and/or fiberglass pipe, construction of field gathering systems and pipelines with the fabrication and installation of separators, compressors and other production processing equipment.

Serval sells tubulars for production casing, tubing, and line pipe applications.



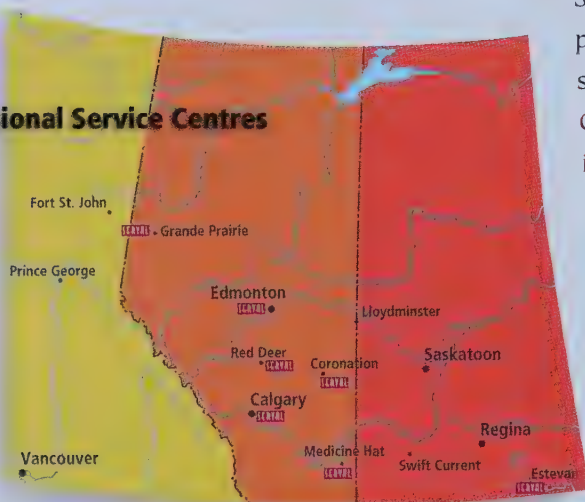
OPERATIONS

Serval's Edmonton Regional Service Centre supports delivery of services in the north central region of Alberta.



REGIONAL SERVICE CENTRES

Serval Regional Service Centres



Serval's integrated energy services are provided from regional service centres strategically located across Western Canada and internationally. The centres include maintenance and repair shops, storage yards, licensed waste sorting and transfer facilities, parts and service resources and administrative offices.

In Canada, Serval operates regional service centres in Calgary, Coronation, Edmonton, Grande Prairie, Medicine Hat and Red Deer, Alberta, and Estevan, Saskatchewan. In addition,

Serval has field offices in Cold Lake, Alberta, Fort St. John, B.C., and Macklin, Saskatchewan.

Internationally, Serval has offices in Buenos Aires, Argentina and the Jebel Ali Free Trade Zone of the United Arab Emirates. The company also has operations support facilities in Neuquen, Argentina and the U.A.E.



The following discussion and analysis of the results of operations and financial condition should be read in conjunction with the consolidated financial statements and accompanying notes contained in this annual report.

Overview

- Completed first year of operations as a public entity.
- Recorded consolidated revenues of \$156.7 million.
- Net earnings totalled \$2.8 million (\$0.61 per unit).
- Cash flow from operations totalled \$9.5 million (\$1.97 per unit).
- EBITDA totalled \$10.5 million.
- Achieved significant growth.
- Made six acquisitions at a net cost of \$50.6 million.
- Made net capital expenditures of \$24.5 million.
- Unitholders' equity of \$54.7 million with 4,781,360 units outstanding.

General

A discussion of operating results on a comparative basis is not possible this year, as Serval only became a public entity effective May 5, 1997. However, it is useful to compare the pro forma consolidated revenues of \$63.5 million, presented in Serval's prospectus dated May 5, 1997 as indicative of the pro forma combined revenues generated by predecessor entities in the fiscal year prior to Serval's evolution as a public entity, against Serval's actual consolidated revenue of \$156.7 million realized in the fiscal year ended April 30, 1998. Readers may also find it interesting to note that gross revenues of approximately \$800,000 were achieved in 1991 when Serval's predecessor was first established as a private enterprise by Mr. Jay C. Lyons, Serval's President. These comparisons should alert the reader to the significant growth that has

occurred in Serval, particularly during the past year as a public entity.

In the year ended April 30, 1998, Serval made six acquisitions amounting to approximately \$50.6 million and incurred capital expenditures, net of dispositions, of approximately \$24.5 million. These expenditures significantly expanded internal productive capacity.

In Serval's first year of operations as a public entity, substantial effort and resources were allocated to advance near-term objectives that included: the development of geographic infrastructure to support Serval's long-term growth; the establishment of operating and reporting systems; the allocation and development of talented human capital to optimize the productive capacity within Serval; and the development of name recognition and

General (continued)

market share in those segments in which Serval competes. Management is confident that significant progress was made in a short period of time.

Serval is an unincorporated trust established on February 28, 1997, pursuant to the laws of the Province of Alberta. As such, Serval refers to its equity as "units" and to its investors as "unitholders". This is somewhat analogous to a corporation making reference to its equity as "common shares" and to its investors as "shareholders".

References made herein to per unit statistics are based on the weighted average number of units outstanding during the year: being 4,583,377 units for basic calculations, and 4,904,377 for fully diluted calculations. Each unit ranks equally in distributions, if any, and there is one vote per unit. There were 4,781,360 units outstanding at April 30, 1998.

Results of Operations

In the fiscal year ended April 30, 1998, Serval generated net earnings of \$2.8 million (\$0.61 per unit, fully diluted) and cash flow from operations of \$9.5 million (\$1.97 per unit) on total revenues of \$156.7 million.

Net earnings include the positive impacts of pre-tax gains of the sale of capital assets of \$987,000 and the utilization of loss carry-forwards available in companies acquired to reduce income taxes by \$1,148,000. These items did not affect cash flow from operations.

After deducting operating costs of \$125.6 million, Serval's gross margin was \$31.1 million or 19.8% of gross revenues. This consolidated statistic is materially affected by sales of steel tubular products of approximately \$55.1 million having an average gross margin percentage of approximately 5.3%.

General and administrative expenses of \$20.6 million reflect the allocation of resources to meet Serval's near-term objectives noted earlier. This amount is higher than should reasonably be expected given the present size of Serval. Included in this amount were expenses relating to Serval's first year of operations as a public entity and its rapid expansion. There are numerous non-recurring expenses related to actions taken to rationalize operations associated with business acquisitions. Management is dedicated to improving the cost side of Serval to provide greater returns on invested capital.

Depreciation and amortization expense of approximately \$6.7 million includes amortization of goodwill of \$805,000 and depreciation expense that reflects the level of capital expenditures made by Serval in the past year. Most of Serval's capital assets are reasonably new and in excellent operating condition. The geographic infrastructure established in the past fiscal year will enable Serval to consider the potential for savings from the sale of redundant assets when completing future acquisitions. Serval owns real estate located in Grande Prairie, Cold Lake, Edmonton (2 sites), Red Deer, Coronation, Calgary and Medicine Hat, Alberta and Estevan, Saskatchewan.

Interest and other charges relate to interest expense on long-term debt of \$452,000 and net interest expense on bank operating lines of \$313,000. Interest expense will be higher in the next year given the additional debt drawn down subsequent to April 30, 1998 to finance Serval's growth. In addition, the higher utilization of operating lines expected in the next fiscal year will increase interest expense.

Serval's effective tax rate in the fiscal year ended April 30, 1998 was 29.3%, much lower than the expected 44.62% rate. This was due to the utilization of loss carryforwards referred to earlier, offset somewhat by non-deductible expenses and the federal large corporations tax.

The deferred tax component relates to accelerated deductions for capital cost allowance for tax purposes claimed in excess of depreciation for accounting purposes. The consolidated tax provision includes the income taxes of Serval's operating subsidiaries. As a trust, Serval is subject to taxation on its income for the year, including taxable capital gains, less any portion that may be payable in the year to unitholders which would be deducted by Serval in computing its taxable income. The trust's taxable income consists only of interest on unsecured subordinated 2% notes payable to it by Serval Corporation, its wholly-owned subsidiary, and dividends from Serval Corporation. There were no dividends paid by Serval Corporation in the year and no distribution of income or capital by Serval Corporation is anticipated in the future as cash flow generated will be reinvested. The trust's interest income on the notes receivable from Serval Corporation was mostly offset by legal entity expenses, resulting in minimal taxable income in the trust.

Capital Resources and Liquidity

At April 30, 1998, Serval had positive working capital of \$1.4 million. The current working capital position included bank indebtedness of \$25.4 million and the current portion of long-term debt of \$4.2 million. The long-term portion was \$8.5 million at April 30, 1998. Working capital also included \$3,000,000 of deposits on three coiled tubing drilling machines, the first of which is scheduled for delivery in August 1998.

Subsequent to April 30, 1998, Serval negotiated a new operating loan facility to a maximum of \$35 million that bears interest at bank prime plus 0.25% and a long-term debt facility in the amount of \$20 million bearing interest fixed at 7.7%. The new long-term debt facility is repayable in forty-eight equal monthly blended principal and interest instalments of \$485,447.

The proceeds from the draw down of the long-term debt facility were used to repay \$9,576,746 of long-term debt in place at April 30, 1998 and to fund the acquisition of Bearspaw Compression Industries Ltd. for cash consideration of \$6,100,000, plus or minus working capital adjustments. The balance of the long-term facility was added to working capital.

Serval's long-term debt after draw down of the new facility and repayment of long-term debt in place at April 30, 1998 was \$23.2 million, of which \$6.4 million is repayable in the current fiscal year. Serval's long-term debt to equity ratio after giving effect to these changes was .42 to 1.0.

Funds Provided from Operations

Serval will reinvest all internally generated cash flow from operations. In the fiscal year ended April 30, 1998, cash flow from operations was \$9.5 million (\$1.97 per unit) and EBITDA was \$10.5 million.

Equity

In the fiscal year ended April 30, 1998, Serval issued 4,942,186 units for \$53.2 million and thereafter redeemed or repurchased for cancellation 160,827 units at a cost of \$1.3 million. Effective May 5, 1997, Serval issued 3,278,069 units and 3,278,069 rights to acquire an additional 1,092,689 units at an exercise price of \$7.00 per unit to Lynx Energy Services Corp. in exchange for all the common shares of Serval Corporation and \$10 million of 2% unsecured subordinated notes payable of Serval Corporation. Lynx subsequently distributed the units and rights to its shareholders by a dividend-in-specie in May 1997. The rights were fully exercised in July 1997. Thereafter, Serval completed a private placement of 571,428 units for consideration of \$3,999,996. The proceeds from the rights offering and private placement were used to acquire an additional \$11,648,819 of 2% unsecured notes payable of Serval Corporation.

Acquisitions

The six acquisitions made by Serval in fiscal 1998 included: the acquisition of Serval Corporation, an integrated energy services business, from Lynx Energy Services Corp. at a net cost of \$33.5 million; the acquisition of Wells-Hall Fabrication & Construction Ltd., a manufacturer of production equipment, at a net cost of \$5.1 million; the acquisition of FPS Fiberglass Pipe and Supply Inc., a distributor of fiberglass products for the oil and gas industry, at a net cost of \$5.2 million; the acquisition of Taylor Tubulars Ltd., a distributor of steel tubular products, at a net cost of \$5.6 million; and two other acquisitions at a net cost of \$1.2 million. In addition, Serval incurred capital expenditures of \$24.5 million which is net of dispositions of \$5.5 million. Serval also invested \$2.7 million on other long-term assets.

Business Risks and Management

There are a number of business risks and uncertainties that affect the demand for oil and gas as an energy source and could affect future results. These factors include, but are not limited to: general economic and business conditions, oil and gas prices, weather conditions, the ability of oil and gas companies to raise capital, changes in, or the failure to comply with government regulations (especially health, safety and environmental laws, regulations and guidelines), pipeline capacity and foreign exchange rates.

Any of these may affect demand for Serval's services and/or industry capacity and the ability of Serval to implement its business strategy. The level of drilling activity is most significantly affected by the availability of capital to producing companies either from internally generated cash flow, affected by commodity prices and take-away capacity; or from capital markets, affected by the same items noted herein. There is a direct correlation between the demand for Serval's services and the level of drilling activity in Western Canada. The nature of the oil and gas industry is cyclical and there tends to be a high degree of volatility present as the result of these factors.

Business Risks and Management (continued)

Serval seeks to manage its risk by focusing on the needs of its customers to win business. The history of declining commodity prices in real terms demands that service companies introduce better solutions aimed at increasing economic value for the customer. Serval seeks to drive down producer costs by combining technologies and products in innovative ways that deliver cost-effective, field-proven and environmentally sound services in an efficient manner. Serval's integration enables it to bundle its services to deliver what the customer needs and/or specifies.

A comprehensive insurance and risk management program is maintained to protect Serval's assets and operations. This program meets or exceeds industry standards. Serval also complies with environmental regulations and constantly seeks ways to improve upon its responsible approach to environmental concerns. Serval has established internal safety procedures and allocates resources to monitor ongoing compliance and to seek and implement improvements in safety procedures.

Year 2000 Compliance

Serval is reviewing all operating and information systems and equipment to establish the impact of the Year 2000 problem. The organization uses PC-based products for its core business systems and, although a majority of the software is certified by its vendor and independent testing agencies as being Year 2000 compliant, Serval is testing the applications for operations with systems dates after January 1, 2000. It is anticipated that testing will be completed by September 30, 1998 with the necessary upgrades or replacements to be completed by December 31, 1998.

Serval is reviewing its third party vulnerability in order to assess the risk associated with their non-compliance. Third parties will be contacted for their assurances as to Year 2000 compliance and will continue to be monitored to ensure that they are Year 2000 compliant.

Outlook

Although low oil prices have a negative impact on activity levels, there are a number of reasons why operating conditions for energy service companies are expected to improve. First, the industry anticipates that there are strong prospects for higher natural gas prices. The increase in take-away capacity from Western Canada is expected to advance Canadian prices towards U.S. gas prices and increase natural gas exploration and development. Second, producers frequently increase operating expenditures on maintenance to combat depleting well production during periods of declining oil prices. Third, lower oil prices motivate producing and service companies to seek better technologies to increase well productivity and reserve economics. This creates market opportunities with long-term benefits.

The recent weak Canadian dollar has reduced the impact of lower oil prices. Nonetheless, the oil price decline since October 1997, mostly as a result of the "Asian Flu" and weather related conditions, has reduced producer cash flows. This has caused a corresponding lack of investor confidence in the oil and gas sector, which we believe is overstated given the natural gas development potential in the North American marketplace. There has been a reduction in producers' access to capital that has led to cut backs on capital expenditure programs.

Although a shift to increase natural gas exploration and development is expected, such marketplace adjustments involve time delays

that reduce utilization rates. Accordingly, Serval anticipates reduced revenues in the first half of fiscal 1999.

Serval's emphasis on reducing producer costs through the delivery of integrated energy services is particularly appropriate in times such as these. We expect to win more business as a result. Serval's integrated approach also benefits producers during periods of strong economic conditions.

In August 1998, Serval will place the first of its three coiled tubing drilling machines into service. This should enable Serval to drill and complete shallow gas wells at significant savings to producers. The machines will be used in multiple well shallow gas drilling programs and are expected to provide a multiplier effect in demand for other Serval services and products. Serval expects to invest \$18 million to \$24 million over the next one to two years to serve the coiled tubing drilling market in an integrated manner.

Other growth opportunities exist within Serval in gas compression equipment, manufacturing of production processing equipment, third party processing and international expansion.

Readers will be interested to learn that Serval has filed an application to list its units on the Toronto Stock Exchange. At current market trading prices in the energy sector, Serval is unlikely to enter the equity market in the near term for additional capital. It is more likely under these conditions to negotiate additional debt or joint venture financing to fund future growth.

To the Unitholders of Serval Integrated Energy Services (formerly Serval Growth Fund):

The accompanying consolidated financial statements are the responsibility of Serval Management Inc. ("SMI") as the Manager of Serval pursuant to the Administration Agreement and Management Agreement between Serval and SMI dated February 28, 1997 ("Management").

Management is responsible for and has prepared and presented the consolidated financial statements in accordance with accounting principles generally accepted in Canada and has made any significant accounting judgements and estimates required, within acceptable levels of materiality. Management has ensured that financial information contained elsewhere in this Annual Report is consistent with the consolidated financial statements.

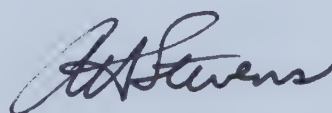
Management maintains systems of accounting and internal controls to provide: reasonable assurance that financial information is presented on a timely basis in a reliable, relevant and accurate manner; and transactions are properly authorized; and that assets are adequately safeguarded. At the annual meeting, unitholders appoint an independent firm of chartered accountants to audit the consolidated financial statements.

The Trustees of Serval are responsible for reviewing and approving the consolidated financial statements and ensuring Management meets their financial reporting responsibilities. The consolidated financial statements which follow have been approved by the Trustees.



Jay C. Lyons
President and Chief Executive Officer

June 23, 1998



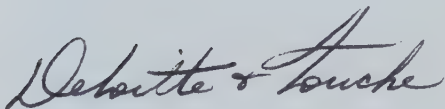
Allan H. Stevens, C.A.
Chief Financial Officer

**To the Unitholders of Serval Integrated Energy Services
(formerly Serval Growth Fund):**

We have audited the consolidated balance sheet of **Serval Integrated Energy Services ("Serval")** as at April 30, 1998 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of Serval's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Serval as at April 30, 1998, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

Calgary, Alberta

June 23, 1998

SERVAL INTEGRATED ENERGY SERVICES
(formerly Serval Growth Fund)

CONSOLIDATED BALANCE SHEET

April 30, 1998 (Note 1)

ASSETS

CURRENT

Accounts receivable	\$ 27,884,270
Inventory	15,753,166
Deposits (Note 12)	3,000,000
Prepaid expenses	1,303,932

47,941,368

CAPITAL ASSETS (Note 4)	45,352,646
GOODWILL, net of amortization of \$805,177 (Note 3)	15,549,590
OTHER ASSETS (Note 5)	3,417,747
	\$ 112,261,351

LIABILITIES

CURRENT

Bank indebtedness (Note 6)	\$ 25,404,911
Accounts payable and accrued liabilities	16,892,746
Current portion of long-term debt (Notes 7 and 13)	4,240,155

46,537,812

LONG-TERM DEBT (Notes 7 and 13)	8,539,686
DEFERRED INCOME TAXES	2,498,352

57,575,850

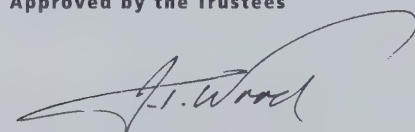
UNITHOLDERS' EQUITY

Units issued (Note 8)	51,422,858
Contributed surplus (Note 8)	418,320
Retained earnings	2,844,323

54,685,501

\$ 112,261,351

Approved by the Trustees


J.T. (Jack) Wood, Trustee


Royden O. Fisher, Trustee

SERVAL INTEGRATED ENERGY SERVICES
(formerly Serval Growth Fund)

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

Year Ended April 30, 1998 (Note 1)

REVENUE	\$ 156,706,320
EXPENSES	
Operating	125,595,746
General and administration	20,649,999
Depreciation and amortization	6,662,106
Interest and other	765,320
Gain on sale of capital assets	(987,104)
	152,686,067
EARNINGS BEFORE INCOME TAXES	4,020,253
INCOME TAXES (Note 10)	
Current	147,930
Deferred	1,028,000
	1,175,930
NET EARNINGS FOR THE YEAR AND RETAINED EARNINGS AT END OF THE YEAR	\$ 2,844,323
NET EARNINGS PER UNIT (NOTE 8)	
Basic	\$ 0.62
Fully diluted	\$ 0.61

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended April 30, 1998 (Note 1)

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES

OPERATING

Net earnings	\$ 2,844,323
Items not affecting cash	
Depreciation and amortization	6,662,106
Deferred income taxes	1,028,000
Gain on sale of capital assets	(987,104)
Other	(33,952)
Funds generated from operations	9,513,373
Changes in non-cash operating working capital (Note 9)	(14,503,643)
	(4,990,270)

FINANCING

Issue of units (Note 8)	53,151,748
Repurchase and redemption of units (Note 8)	(1,310,570)
Proceeds from long-term debt	13,240,926
Retirement of long-term debt	(7,710,376)
	57,371,728

INVESTING

Acquisition of businesses (Note 3)	(50,585,751)
Acquisition of capital assets	(29,984,089)
Disposal of capital assets	5,494,321
Acquisition of other assets	(2,710,950)
	(77,786,469)

NET CASH OUTFLOW (25,405,011)

CASH BEGINNING OF YEAR 100

BANK INDEBTEDNESS END OF YEAR \$ (25,404,911)

CASH FLOW PER UNIT (Note 8)

Basic	\$ 2.08
Fully diluted	\$ 1.97

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

1. NATURE AND COMMENCEMENT OF BUSINESS

Serval Integrated Energy Services ("Serval") is an unincorporated trust established under the laws of the Province of Alberta, pursuant to a Declaration of Trust, dated February 28, 1997. On June 15, 1998, it changed its name from Serval Growth Fund to Serval Integrated Energy Services to more appropriately describe the nature of its operations. No distribution of income or capital by Serval is anticipated currently as cash flow generated will be reinvested.

Serval was created to acquire 100% of the issued and outstanding common shares of Serval Corporation (the "Corporation") and \$10 million of 2% unsecured subordinated notes ("Notes") of the Corporation. Subsequently Serval acquired an additional \$11,648,819 of 2% unsecured subordinated notes of the Corporation (collectively referred to as the "Notes").

The acquisition of the Corporation's common shares and \$10 million of the Notes from Lynx Energy Services Corp. ("Lynx") was financed by the issuance to Lynx, effective May 5, 1997, of 3,278,069 Units and 3,278,069 Rights to acquire an additional 1,092,689 Units of Serval. These Units and Rights were distributed by Lynx to its shareholders by a dividend in specie in May, 1997.

Administrative services are provided to Serval by Serval Management Inc. ("SMI") pursuant to an Administration Agreement (the "Administration Agreement") dated February 28, 1997. SMI is owned by the President and C.E.O of Serval, who is also a Trustee. The Corporation is managed by SMI pursuant to a separate Management Agreement (the "Management Agreement") dated February 28, 1997.

The consolidated financial statements include the results of operations from May 5, 1997, the date of acquisition of the Corporation by Serval, to April 30, 1998.

Prior to the acquisition of the Corporation, the balance sheet of Serval was comprised of cash of \$100 and unitholders' equity of \$100; Serval had no prior operations.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements of Serval include the accounts of Serval and its subsidiary companies, all of which are wholly owned. These consolidated financial statements comply in all material respects with Canadian generally accepted accounting principles.

Inventory

Inventory consists mainly of materials held for resale, valued at the lower of cost and net realizable value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are recorded at cost and depreciated on a straight line basis over their estimated useful lives, net of estimated residual values as follows:

Buildings	20 years
Manufacturing equipment	5 to 10 years
Field equipment	5 to 10 years
Automotive equipment	2 to 5 years
Office furniture and equipment	2 to 10 years
Leasehold improvements	Term of the lease

Goodwill

Goodwill represents the excess of cost over the amount allocated to the assets acquired in business acquisition transactions. Goodwill is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over 20 years. The recoverability of goodwill is periodically assessed and any permanent impairment in value is written off against earnings in the period of assessment.

Deferred development costs

Included in other assets are costs relating to the acquisition of rights to certain technology and its subsequent development. These are amortized on a straight-line basis over five years, commencing upon commercial application. When the ultimate recovery is determined to be uncertain, such costs are charged to earnings.

Foreign currency translation

Serval follows the temporal method when translating foreign currency transactions and the financial statements of foreign subsidiaries. Under this method:

- (i) monetary assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date;
- (ii) non-monetary items are translated at historic exchange rates; and
- (iii) revenue and expenses (other than depreciation and amortization) are translated at average rates of exchange during the year.

The resulting gains or losses are included in earnings.

Financial instruments

The carrying value of cash, accounts receivable, accounts payable, accrued liabilities and similar assets and liabilities of a financial nature approximate fair values based on the short-term maturity of these instruments. Interest rates on long term debt are either at floating interest rates or at approximate current market rates. Therefore fair value of long term debt approximates carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

3. BUSINESS ACQUISITIONS

- a) Effective May 5, 1997, Serval acquired all of the outstanding common shares of the Corporation and \$10,000,000 of unsecured subordinated 2% Notes of the Corporation from Lynx for consideration consisting of 3,278,069 Units of Serval and 3,278,069 Rights to acquire an additional 1,092,689 Units of Serval. The assets of the Corporation included cash of \$8,014,038. The Corporation provides integrated energy services to oil and gas producers. This acquisition has been accounted for at the carrying value of such investments on the records of Lynx.
- b) Effective May 5, 1997, Serval acquired Wells-Hall Fabrication & Construction Ltd. ("Wells-Hall"), a Canadian private manufacturer of production equipment primarily for the oil and gas industry for cash consideration of \$4,753,594 and the assumption of \$321,509 of bank indebtedness.
- c) Effective May 5, 1997 Serval acquired FPS Fiberglass Pipe and Supply Inc. ("FPS"), a distributor of fiberglass pipe, tubing, casing and related products for notes payable of \$3,300,000, which notes were repaid prior to April 30, 1998. Serval also assumed \$1,934,410 of bank indebtedness.
- d) Effective May 5, 1997 Serval acquired Taylor Tubulars Ltd. ("Taylor"), a distributor of steel tubular products for notes payable of \$3,444,621, which notes were repaid prior to April 30, 1998. Serval also assumed \$2,172,429 of bank indebtedness.
- e) During the year ended April 30, 1998, Serval acquired two other Canadian private corporations for aggregate cash consideration of \$610,000 and notes payable of \$550,000. Serval also assumed \$10,297 of bank indebtedness in these transactions.

All of the acquisitions were accounted for using the purchase method. Accordingly, the results of operations are included in Serval's earnings from the dates of acquisitions. The following is a summary of the purchase transactions during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

3. BUSINESS ACQUISITIONS (continued)

	Corporation	Wells-Hall	FPS	Taylor	Other	Total
Non-cash working capital	\$ 6,434,371	\$ 872,031	\$ 2,749,482	\$ 2,623,634	\$ 461,558	\$ 13,141,076
Capital assets	23,603,423	2,008,553	12,544	59,365	54,954	25,738,839
Other assets	853,851	-	-	-	-	853,851
Long-term debt	(4,014,679)	-	-	-	(17,751)	(4,032,430)
Deferred income taxes	(1,470,352)	-	-	-	-	(1,470,352)
	25,406,614	2,880,584	2,762,026	2,682,999	498,761	34,230,984
Goodwill	8,082,277	2,194,519	2,472,384	2,934,051	671,536	16,354,767
Net assets acquired	\$ 33,488,891	\$ 5,075,103	\$ 5,234,410	\$ 5,617,050	\$ 1,170,297	\$ 50,585,751
Consideration:						
Units and Rights	\$ 41,502,929	\$ -	\$ -	\$ -	\$ -	\$ 41,502,929
Cash	-	4,753,594	-	-	610,000	5,363,594
Notes payable	-	-	3,300,000	3,444,621	550,000	7,294,621
(Cash acquired)						
Bank indebtedness assumed	(8,014,038)	321,509	1,934,410	2,172,429	10,297	(3,575,393)
Net Cost	\$ 33,488,891	\$ 5,075,103	\$ 5,234,410	\$ 5,617,050	\$ 1,170,297	\$ 50,585,751

4. CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 1,167,613	\$ -	\$ 1,167,613
Buildings	5,356,842	39,507	5,317,335
Manufacturing equipment	1,274,953	3,534	1,271,419
Field equipment	28,057,925	2,984,021	25,073,904
Automotive equipment	9,547,369	417,629	9,129,740
Office equipment and furniture	3,441,549	555,231	2,886,318
Leasehold improvements	545,994	39,677	506,317
	\$ 49,392,245	\$ 4,039,599	\$ 45,352,646

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

5. OTHER ASSETS

	Cost	Accumulated Amortization	Net Book Value
Deferred development costs	\$ 1,254,827	\$ 41,774	\$ 1,213,053
Employee unit purchase plan (Note 8)	1,053,878	-	1,053,878
Refundable life insurance premiums	451,695	-	451,695
Other	804,401	105,280	699,121
	\$ 3,564,801	\$ 147,054	\$ 3,417,747

6. BANK INDEBTEDNESS

Bank indebtedness bears interest at bank prime plus 0.5% and is secured by a general security agreement over all assets of the Corporation and its subsidiaries. A new bank operating facility was established subsequent to year end (Note 13).

7. LONG-TERM DEBT

Bank loans bearing interest from prime to prime plus 0.5% secured by a general security agreement over all assets of the Corporation and its subsidiaries with principal repayment terms of \$170,000 per month. This amount was repaid in full subsequent to April 30, 1998 using the term debt facility described in Note 13.

\$ 9,260,000

Note payable, bearing interest at bank prime, with principal repayments of \$300,000 due February 28, 1999 and \$250,000 due February 28, 2000.

550,000

Capital lease contracts bearing interest at rates ranging from 2.9% to 7.8%, secured by specific field equipment and having various monthly repayments.

2,969,841

12,779,841

Less current portion (Note 13)

4,240,155

\$ 8,539,686

Interest on long-term debt for the year amounted to \$451,598.

Without giving effect to the impact of the new term debt facility and repayments made subsequent to April 30, 1998 (Note 13), the estimated aggregate principal payments required in each of the next five years were as follows:

1999	\$ 4,240,155
2000	\$ 3,224,242
2001	\$ 2,175,444
2002	\$ 2,040,000
2003	\$ 1,100,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

8. UNITS

	Number of Units	Amount
Authorized		
Unlimited number of Units without nominal or par value		
Issued		
Original settlement, February 28, 1997	1	\$ 100
Issued to acquire the Corporation, May 5, 1997	3,278,069	\$ 41,502,829
Rights offering, July 2, 1997	1,092,689	\$ 7,648,823
Private placement, July 25, 1997	571,428	\$ 3,999,996
	4,942,187	\$ 53,151,748
Cancelled pursuant to normal course issuer bid and redemptions	(160,827)	\$ (1,728,890)
	4,781,360	\$ 51,422,858

i) Contributed surplus

Contributed surplus of \$418,320 resulted from the difference between the book value of Units cancelled of \$1,728,890 and the actual cost of Units reacquired and redeemed of \$1,310,570.

ii) Unit Option Plan

There are 437,084 Units reserved for issuance pursuant to Serval's Unit Option Plan. Options may be granted to trustees of Serval or directors, senior officers, employees or consultants of the Corporation or SMI. The options vest equally over a four year period from the date of grant and expire on the fifth anniversary date from the date of grant.

Details of options are as follows:

	Number of Units	Exercise Price	Options Exercisable
Granted during the year	321,000	\$ 6.85	80,250
Exercised during the year	-		-
Cancelled during the year	(18,000)		(4,000)
Outstanding at April 30, 1998	303,000		76,750

Subsequent to April 30, 1998, options to acquire an additional 110,000 Units were granted. These options are exercisable at \$6.90; otherwise all terms are consistent with options granted earlier.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

8. UNITS (Continued)

iii) Employee Unit Purchase Plan

During 1998, the Corporation established an Employee Unit Purchase Plan (the "Plan") under which eligible employees of the Corporation and its subsidiaries or SMI can purchase Units through payroll deductions by contributing between 2% and 6% of regular pay. Initially, the Corporation will contribute one unit for every three units purchased by an employee on the market, subject to a one year vesting period for the Corporation's contribution. During 1998, the Corporation advanced \$1,053,878 to the independent trustee for the purchase of 143,200 units of Serval. This amount is included in other assets (Note 5) and will be charged to earnings in future periods based upon the Corporation's actual contribution requirements. All Units purchased by employees under the Plan will be purchased at fair market value.

iv) Normal Course Issuer Bid

On November 13, 1997, Serval had a Normal Course Issuer Bid accepted by the Alberta Stock Exchange to repurchase up to 163,903 Units at market prices during the twelve month period ending November 12, 1998. Under this bid, Serval repurchased 160,600 Units to April 30, 1998 for a total cost of \$1,309,100.

v) Redemptions

Under the provisions of the redemption right privileges available to holders of Units, there were 227 Units redeemed at a total cost of \$1,470.

vi) Net Earnings Per Unit and Cash Flow Per Unit

Net earnings per unit and cash flow per unit have been calculated on the basis of the weighted average number of Units outstanding for the year which amounted to 4,583,377 units. Fully diluted earnings per unit and fully diluted cash flow per unit have been calculated on the basis of the fully diluted weighted average number of Units outstanding for the year of 4,904,377 units.

For the purpose of the cash flow per unit calculations, cash flow is defined as "Funds generated from operations before changes in non-cash operating working capital".

9. CHANGES IN NON-CASH OPERATING WORKING CAPITAL

Accounts receivable	\$ 10,018,095
Inventory	(8,315,044)
Deposits	(3,000,000)
Prepaid expenses	(750,289)
Accounts payable and accrued liabilities	(12,116,752)
Income taxes payable	(339,653)
	\$ (14,503,643)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

10. INCOME TAXES

These consolidated financial statements include income taxes of Serval's operating subsidiaries.

Serval is subject to taxation on its income for the year, including taxable capital gains, less any portion that may be payable in the year to Unitholders which would be deducted by Serval in computing its taxable income.

The tax provision is based on rates applicable to each of the income tax jurisdictions in which Serval operates. The actual consolidated tax provision differs from that determined when the combined Canadian Federal and Provincial income tax rate is applied against the consolidated earnings before income taxes (the expected provision) for the following reasons:

Expected combined Canadian Federal and Provincial income tax rate	44.62%
Expected provision for income taxes based on the above rate	\$ 1,793,837
Increases (decreases) in income taxes resulting from:	
Earnings of foreign subsidiaries	(73,357)
Non-deductible expenses	441,859
Use of previously unrecognized benefit of prior period losses of acquired companies	(1,148,113)
Federal large corporations tax - current	147,930
Other	13,774
Actual Income tax provision	\$ 1,175,930
Consisting of:	
Current	\$ 147,930
Deferred	1,028,000
	\$ 1,175,930

11. RELATED PARTY TRANSACTIONS

SMI is a private corporation controlled by the President and C.E.O of Serval.

SMI administers Serval and manages the Corporation pursuant to an Administration Agreement and a Management Agreement.

Under the terms of the Administration Agreement, SMI is entitled to an annual fee of \$48,000. SMI is also entitled to a discretionary bonus determined by the Trustees and recovery of expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

11. RELATED PARTY TRANSACTIONS (Continued)

Under the terms of the Management Agreement, SMI receives a base fee for providing the services of six employees and an incentive fee determined annually by the Trustees of Serval. SMI is also entitled to recovery of general and administration expenses, which amounted to \$916,500 in the year.

The following is a summary of fees paid or payable to SMI in the year:

Administrative services fee	\$ 48,000
Management fees	552,000
Incentive compensation	275,490
	\$ 875,490

As at April 30, 1998, \$158,667 was payable to SMI by Serval.

12. COMMITMENTS

Minimum lease payments under operating leases for office premises and vehicles in each of the next five years amount to:

1999	\$ 2,129,755
2000	\$ 1,602,653
2001	\$ 932,585
2002	\$ 681,298
2003	\$ 854,461

Serval is committed to purchasing various capital assets for aggregate costs of approximately \$7,920,000, of which \$3,000,000 has been placed on deposit with suppliers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year Ended April 30, 1998

13. SUBSEQUENT EVENTS

- i) Effective May 2, 1998, the Corporation negotiated new credit facilities. These include an operating loan facility to a maximum of \$35,000,000 that bears interest at bank prime plus 0.25% and a term debt facility in the amount of \$20,000,000 bearing interest fixed at 7.70% and repayable in forty-eight equal monthly principal and interest instalments of \$485,447. Each facility is secured by a fixed charge over certain assets plus a general security agreement over all the assets of the Corporation and its subsidiaries.

The estimated aggregate principal repayments required in each of the next five years given the impact of the term debt facility established subsequent to April 30, 1998 are:

1999	\$ 6,395,577
2000	\$ 5,906,038
2001	\$ 5,311,979
2002	\$ 5,589,501
2003	\$ Nil

The proceeds from the drawdown of the new term debt facility of \$20,000,000 were used to repay \$9,576,746 of term debt (Note 7) to finance the acquisition of Bearspaw Compression Industries Ltd. ("Bearspaw") and to increase working capital.

- ii) Effective May 1, 1998, the Corporation acquired all of the outstanding shares of Bearspaw for aggregate cash consideration of \$6,100,000 plus or minus working capital adjustments. The transaction closed on May 29, 1998.

DIRECTORS AND TRUSTEES

Brian W. Clark, C.A., FCBV
Director⁽¹⁾
 Calgary, Alberta
 President, Clark Valuation Services Ltd.

Royden O. Fisher
Trustee⁽¹⁾ & Director⁽²⁾
 Calgary, Alberta
 Independent Consultant

J. Verne Lyons
Trustee⁽¹⁾ & Director⁽²⁾
 Calgary, Alberta
 President, Snow Leopard Resources Ltd.

Jay C. Lyons
Trustee⁽¹⁾ & Director⁽²⁾
 Calgary, Alberta
 President, Serval Corporation

William H. Stemp
Director⁽²⁾
 Calgary, Alberta
 Independent Consultant

Allan H. Stevens, C.A.
Trustee⁽¹⁾ & Director⁽²⁾
 Calgary, Alberta
 Chief Financial Officer, Serval Corporation

J.T. (Jack) Wood
Trustee⁽¹⁾
 Calgary, Alberta
 Independent Consultant

⁽¹⁾ **Trustee of Serval Integrated Energy Services**

⁽²⁾ **Director of Serval Corporation**

MANAGEMENT

Ken Baker, M.E. Des.
*Senior Vice President,
 Environmental Services*

Bruce Henderson
*Senior Vice President,
 Production Services*

Eric Hughes, C.A.
Vice President, Finance

Sandra LeBlanc
Vice President

Jay C. Lyons
President & Chief Executive Officer

Randy McCullough
*Vice President
 Construction Services*

Brian J. McCutcheon, APR
*Vice President, Communications
 & Organization Development*

Jim Paradis
*Senior Vice President,
 Well Services*

Allan H. Stevens, C.A.
Chief Financial Officer

AUDITORS

Deloitte & Touche
 Calgary, Alberta

LEGAL COUNSEL

McCarthy Tétrault
 Calgary, Alberta

TRANSFER AGENT

CIBC Mellon Trust Company
 Calgary, Alberta

STOCK EXCHANGES

Units are listed on the
 Alberta Stock Exchange
 under the symbol SI.UN

WEBSITE

www.serval.com

E-MAIL ADDRESS

info@serval.com

INVESTOR RELATIONS CONTACTS

For additional investor relations
 information please contact:

Jay C. Lyons
 President & C.E.O.
 Tel: (403) 531-0450
 Fax: (403) 531-0493

Allan H. Stevens, C.A.
 Chief Financial Officer
 Tel: (403) 531-8713
 Fax: (403) 531-0493

HEAD OFFICE

Serval
 3200, 715-5th Avenue S.W.
 Calgary, Alberta
 Canada T2P 2X6
 Tel: 403-531-0490
 Fax: 403-531-0491
 Toll Free: 1-877-SERVAL-1

INTERNATIONAL OFFICES

Grupo Serval S.A.
 Av. A.M. de Justo 1720 — 1^o "G"
 (1107) Buenos Aires, Argentina

United Arab Emirates Office, Dubai
 #211, Unit 2, Al Ahmadi House
 Jebel Ali Free Zone, Dubai, U.A.E.

REGIONAL SERVICE CENTRES

Calgary, Alberta
 Coronation, Alberta
 Edmonton, Alberta
 Estevan, Saskatchewan
 Grande Prairie, Alberta
 Medicine Hat, Alberta
 Red Deer, Alberta



Tel: 403-531-0490 Fax: 403-531-0491 Toll Free: 1-877-SERVAL-1 E-mail: info@serval.com